



Exporter Verification Report

Verification & Case Details

Initiation Date	3/03/2020	ADN:	2020/020
Case	Steel Reinforcing Bar - Continuation of Measures - InfraBuild (Newcastle) Pty Ltd		
Case Number	546		
Exporter	Daehan Steel Co., Ltd		
Location	Desktop verification		
Inquiry Period	1/01/2019 to 31/12/2019		

THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED THEREIN
WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND MAY NOT REFLECT
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1 COMPANY BACKGROUND

1.1 Corporate Structure and Ownership

Daehan Steel Co., Ltd. (Daehan) was founded on June 10, 1954 and is listed on the Korean Stock Exchange. It is a steel manufacturer that produces square billet, deformed bar-in-length (DBIL), deformed bar-in-coil (DBIC), and processed rebar products that are sold in the Republic of Korea (Korea) and to various export markets, including Australia.

Daehan's head office is situated in Busan, Korea. Its factories are located in Busan and Gyeonggi-do, Korea.

The shareholders of Daehan are natural persons and it is the parent company (investor) to a number of subsidiary entities and joint ventures.

1.2 Related Parties

The verification team examined the relationships between Daehan and parties involved in the manufacture and sale of the goods and has found that Daehan transacted with related parties during the inquiry period.

1.2.1 Related suppliers

Daehan purchased raw materials consumed in the production of the goods from a wholly owned subsidiary during the inquiry period. However, the verification team observes that Daehan's raw materials were predominantly sourced from unrelated suppliers.

1.2.2 Related customers

The verification team found that a portion of Daehan's domestic sales transactions of the goods during the inquiry period were made to a wholly owned subsidiary.

1.3 Accounting records

Daehan's audited financial statements for the period 1 January 2019 to 31 December 2019 included a statement that the financial accounts comply with the Korean International Financial Reporting Standards (Korean IFRS).

Therefore, the verification team considers that the accounting records held by the company are in accordance with the generally accepted accounting principles of Korea.

2 THE GOODS AND LIKE GOODS

2.1 Production Process

Daehan is an integrated manufacturer of steel rebar. The production process of steel rebar, as described by Daehan, is as follows:

- steel scrap is melted in an electric arc furnace;
- the resultant molten scrap is subject to higher temperatures, impurities are removed and chemical components such as carbon, manganese, silicon, phosphorous and sulphur are adjusted to yield the desired physical and chemical properties;
- billets are produced by way of continuous casting;
- billet is reheated and processed to the customer's requirements. This involves passing the heated billet through the rolling mill to form the shape; and
- products are subsequently cooled, cut to length or wrapped into coil form.

2.2 Model Control Codes (MCCs)

Daehan provided sales and cost data in its response to the exporter questionnaire in accordance with the model control code (MCC) structure detailed in Anti-Dumping Notice (ADN) No. 2020/020.

In examining Daehan's product codes, the verification team observed that goods of a specific nominal diameter were designated "C" in respect of the MCC subcategory of nominal diameter, rather than the correct designation of "B" applying the Commission's MCC subcategory parameters.

2.2.1 Proposed amendment to the MCC subcategory of nominal diameter

Daehan proposed to modify the MCC structure such that the goods of a certain nominal diameter were captured in MCC subcategory C and excluded from subcategory B. The exporter reasoned that it was appropriate to do so as such products were priced comparably to the goods of nominal diameters that fall within the MCC subcategory of "C" under the Commission's structure.

Daehan provided a price list which showed the manner in which domestic selling prices were notionally driven by nominal diameter. The verification team observed that while selling prices for DBIL and DBIC of the relevant nominal diameter were comparable to the products falling within subcategory 'C' under the Commission's MCC structure, they were also not materially different to the selling prices of products captured in subcategory 'B' under the Commission's MCC structure.

The verification team conducted further analysis of Daehan's domestic sales listings at the MCC and product code level and did not find any definitive pattern indicating that selling prices for Daehan's goods of the relevant nominal diameter were materially different to selling prices of other goods of a nominal diameter classified within subcategory B under the Commission's MCC structure.

The verification team asked Daehan to provide further information to underpin its proposed amendments, however, Daehan was unable to do so during the conduct of the desktop verification.

Details as to the verification team’s analysis is contained at **Confidential Attachment 1** of this report.

Verification team’s assessment

At the time of the verification, it was unclear as to how Daehan’s proposed re-categorisation meaningfully reflected the manner in which nominal diameter influenced selling prices. As such, the verification team does not consider Daehan’s proposed amendment merited.

2.3 Verification of MCCs

Table 1 below provides detail on how the MCC sub-categories were determined and verified to source documents.

Category	Determination of the sub-category
Prime	Reconciled to internal product codes
Minimum Yield Strength	Internal product codes
Finished form	Purchase order
Nominal diameter	Commercial invoices
	Mill certificates (where relevant)
	Packing lists
Deformation pattern along length	Bill of lading (where relevant)
	Reconciled to Internal product codes

Table 1 MCC sub-category determination

2.4 The goods exported to Australia

The verification team were satisfied that Daehan produced and exported the goods to Australia. Daehan exported the goods to Australia with the following MCCs during the period:

Australian export MCCs	
1	P-C-C-B-C-N
2	P-C-C-C-C-N

Table 2 – Australian export MCCs

2.5 Like goods sold on the domestic market

The verification team considers that Daehan sold like goods in the domestic market.

The verification team considers that the goods manufactured for domestic consumption are identical to, or have characteristics closely resembling, the goods exported to Australia, as they:

- are not distinguished from the exported goods during production (the exported goods and goods sold on the domestic market are produced in the same way, subject to individual customer specifications);
- are produced at the same facilities, using the same raw material inputs and manufacturing processes;
- compete in the same market sector, are interchangeable and use similar distribution channels; and
- can be considered functionally alike, as they have similar end uses.

2.5.1 Domestic MCCs

Daehan sold like goods on the domestic market with the following MCCs during the inquiry period:

Domestic sales MCCs	
1	P-B-C-A-C-N
2	P-B-C-B-C-N
3	P-C-C-A-C-N
4	P-C-C-B-C-N
5	P-A-S-A-2-N
6	P-A-S-B-2-N
7	P-A-S-C-1-N
8	P-A-S-C-2-N
9	P-B-S-A-1-N
10	P-B-S-A-2-N
11	P-B-S-B-1-N
12	P-B-S-B-2-N
13	P-B-S-C-1-N
14	P-B-S-C-2-N
15	P-B-S-D-2-N
16	P-C-S-A-2-N
17	P-C-S-B-1-N
18	P-C-S-B-2-N
19	P-C-S-C-1-N
20	P-C-S-C-2-N
21	P-C-S-D-2-N
22	P-D-S-B-2-N
23	P-D-S-C-1-N
24	P-D-S-C-2-N
25	P-D-S-D-2-N

Table 3 – Domestic sales MCCs

2.6 Like goods – assessment

The verification team considers that the goods produced by Daehan for domestic sale have characteristics closely resembling those of the goods exported to Australia and are therefore 'like goods' in accordance with section 269T(1) of the *Customs Act 1901* (the Act).¹

¹ References to any section or section in this report relate to provisions of the Act, unless specifically stated otherwise.

3 VERIFICATION OF SALES COMPLETENESS AND RELEVANCE

Verification of relevance and completeness is conducted by reconciling selected data submitted "upwards" through management accounts up to audited financial accounts. The total sales value and quantity is reconciled to management reports with particular attention given to ensuring that all relevant transactions are included and irrelevant transactions are excluded. The total value from the management reports is then reconciled to the total revenue figure reported in the audited income statement.

The verification team verified the completeness and relevance of the export and domestic sales listings provided in the Response to the Exporter Questionnaire (REQ) by reconciling these to audited financial statements in accordance with ADN. No 2016/30.

The verification team verified the relevance and completeness of the sales data as follows:

- total revenue reported in Daehan’s audited financial statements (with which the audited period is aligned to the inquiry period) was reconciled to Daehan’s trial balance, generated from its accounting system;
- Daehan’s trial balance account codes recognised a number of income categories. For the income category which captured the goods, Daehan provided a detailed breakdown of the types of products sold and the markets to which they were sold;
- the exporter demonstrated by way of accounting records, its ability to differentiate DBIC and DBIL products sold to Australia, domestic customers and third countries by way of applying product code and customer parameters;
- sales records were produced from Daehan’s accounting system to underpin the sales volume and value of DBIL and DBIC sold in Australia, domestically and in third country markets over the inquiry period; and
- the sales records above were reconciled to the Australian and domestic sales listings provided by Daehan in its REQ.

The verification team identified the issues outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

3.1 Exceptions during verification of sales completeness and relevance

No.	Exception	Resolution
1	Daehan had excluded DBIL transactions from its domestic sales listing as it did not consider such products to be like goods for comparison to its Australian export sales of DBIC. The verification team considers that while DBIL is not identical to the DBIC exported, these goods satisfy the parameters set out in the goods description for inclusion as ‘like goods’ in the domestic sales listing.	Daehan compiled a revised domestic sales listing which assimilated sales of DBIL products during the inquiry period.
2	Daehan’s domestic sales listing in respect of its DBIL transactions reported the incorrect unit of measurement in respect of sales quantities.	Daehan clarified the correct unit of measurement for DBIL sales quantities and accordingly, the sales listing was revised by the verification team.

PUBLIC RECORD

No.	Exception	Resolution
3	<p>The verification team identified that the volume and value of DBIL sales in Daehan's domestic sales listing could not be reconciled to source documentation, more specifically sales records produced from its accounting system.</p> <p>The verification team considered the discrepancy between the two datasets to be material.</p>	<p>During the conduct of the desktop verification, the verification team sought an explanation for the discrepancy and asked that revised data be compiled where relevant.</p> <p>At the conclusion of the verification, Daehan had not provided the verification team with a response to address this matter.</p>

Table 4 Exceptions during verification of completeness and relevance of sales data

3.2 Sales completeness and relevance finding

The verification team is satisfied that:

- the sales data provided by Daehan in respect of its Australian exports for the inquiry period is complete and relevant; and
- the sales data provided by Daehan in respect of its domestic sales of DBIC during the inquiry period is complete and relevant.

However, in view of Exception 3 set out in the above table, the verification team is not satisfied that domestic sales data in respect of Daehan's sales of DBIL during the inquiry period is complete and relevant.

3.3 Domestic barter trades

During the inquiry period, a portion of like goods sold on the domestic market were made under a barter arrangement where Daehan sold DBIC and DBIL to its customers in exchange for commodity products. Consistent with the Commission's previous findings, the verification team does not consider Daehan's barter trades to be arms length transactions.

Further details are contained at **Confidential Attachment 1**.

4 VERIFICATION OF SALES ACCURACY

The accuracy of data is verified by reconciling selected data submitted "downwards" to source documents. This part of verification involves the process of agreeing the volume, value and other key information fields within the sales data down to source documents. This verifies the accuracy of the data.

The verification team verified accuracy of the export and domestic sales listings submitted in the REQ by reconciling these to source documents in accordance with ADN. No 2016/30.

The verification team identified the issues outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

4.1 Exceptions during verification of sales accuracy

No.	Exception	Resolution
4	Australian sales of coiled products of a certain nominal diameter were assigned the MCC subcategory of "C" by Daehan to align with its internal pricing model. However, as outlined at section 2.2.1 of this report, the verification team did not accept the proposed change.	Daehan provided the Commission with a revised Australian sales listing such that the affected transactions were designated the nominal diameter subcategory consistent with the Commission's MCC structure.
5	Domestic sales of coiled products of a certain nominal diameter were assigned the MCC subcategory of "C" by Daehan to align with its internal pricing model. However, the verification team did not accept the proposed change.	Daehan provided the Commission with its revised domestic sales listing such that the affected transactions were designated the nominal diameter subcategory consistent with the Commission's MCC structure.
6	From the verification team's examination of product codes, it identified that for domestic sales of DBIC of a specific nominal diameter, Daehan had assigned the incorrect MCC nominal diameter subcategory.	Daehan provided a revised domestic sales listing to correct the MCC subcategory classification for nominal diameter for the affected product codes.
7	In providing domestic sales data in respect of DBIL transactions, Daehan had incorrectly indicated within the MCC subcategory of "Form" that such sales were of coiled goods.	The verification team revised the domestic sales data in respect of DBIL such that the MCC subcategory of "Form" reflected that the sales were of straights.
8	The verification team was not able to reconcile certain domestic sales transactions sampled to source documents as the requested documents were not provided during verification.	The requested source documents remained outstanding at the conclusion of the desktop verification.

Table 5 Exceptions during verification of accuracy of sales data

4.2 Sales accuracy finding

The verification team is satisfied that:

- the sales data provided by Daehan in respect of its Australian exports during the inquiry period is accurate; and
- the sales data provided by Daehan in respect of its commercial (i.e. not barter trade) domestic sales of DBIC during the inquiry period is accurate.

The verification team is not satisfied that the sales data provided by Daehan in respect of its domestic sales of DBIL during the inquiry period is accurate.

Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

5 VERIFICATION OF COST TO MAKE AND SELL (CTMS) COMPLETENESS AND RELEVANCE
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Verification of relevance and completeness is conducted by reconciling selected data submitted "upwards" through management accounts up to audited financial accounts. The total cost to make data is reconciled to the cost of production in the management reports with particular attention given to ensuring that all relevant costs are included and irrelevant costs have been excluded. The cost of production data is then reconciled, through relevant account ledgers, to the cost of goods sold figure reported in the audited income statement. Additionally, selling, general and administration (SG&A) expenses are reconciled to income statements, with particular attention given to specific expenses that were excluded or should be excluded.

The verification team verified the completeness and relevance the cost to make and sell (CTMS) information provided in the REQ by reconciling it to audited financial statements in accordance with ADN No. 2016/30.

The verification team adopted the following approach to test the relevance and completeness of the cost data as follows:

- COGS reported in Daehan’s audited financial statements (with which the audited period is aligned to the inquiry period) was reconciled to Daehan’s trial balance, generated from its accounting system;
- Daehan was requested to demonstrate by way of accounting records or trial balance accounts in respect of opening and closing balances of inventory, the manner in which COGS for the inquiry period could be reconciled to the total costs of production for all finished goods, which it claimed to be from its production system;
- the exporter stated that the CTM data it had prepared was based on production records. It further explained that it was able to differentiate CTM of the goods from other products and by markets with reference to product code data. The underlying production system data was made available and the verification team undertook an examination of product codes to test the reasonableness and validity of Daehan’s approach; and
- the production quantities and costs as captured in the underlying production record data above were reconciled to Australian and domestic CTM data.

The verification team verified the relevance and completeness of the SG&A data as follows:

- reconciled the accounts in the SG&A listing directly to the audited profit and loss statement; and
- for each account, Daehan provided screenshots showing that the figures were directly sourced from its accounting system.

The verification team identified the issues outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

5.1 Exceptions during verification of completeness and relevance of CTMS data

No.	Exception	Resolution
9	Daehan had not compiled data in respect of its domestic production of DBIL as it did not	Daehan provided the verification team with data in relation to its domestic production of

PUBLIC RECORD

No.	Exception	Resolution
	<p>consider such products to be like goods for comparison to its Australian export sales of DBIC.</p> <p>As previously outlined, the verification team considers that DBIL products satisfy the parameters set out in the goods description and requested that CTM data be provided.</p>	<p>DBIL during the inquiry period, which it claimed was sourced directly from its production records.</p>
10	<p>Daehan was able to reconcile the COGS as reported in its audited financial statements to its trial balance as extracted from its accounting system without issue.</p> <p>However, Daehan did not adequately demonstrate the manner in which the claimed total cost of production for its finished goods could be reconciled to the audited COGS amount for the inquiry period. The verification team requested documents such as opening/closing inventory amounts from Daehan's trial balance or other records.</p>	<p>An adequate response addressing the matter was not received from Daehan at the conclusion of the desktop verification.</p> <p>While the verification team understands that total costs were sourced from production system records, it was unable to reconcile this amount to the audited COGS such that it could be satisfied of the completeness and relevance of Daehan's cost data.</p> <p>No further resolution was sought.</p>
11	<p>The verification team observed variances between amounts in the SG&A listing submitted by Daehan and accounting system records.</p>	<p>An explanation for the variance was not provided at the conclusion of the verification. The verification team was unable to verify SG&A.</p>
12	<p>The verification team asked Daehan to explain how expenses excluded from the SG&A listing did not relate to the goods and to provide source documents to support its response.</p> <p>Daehan's response did not provide the verification team with enough information to be satisfied that the excluded expenses were valid. Daehan did not provide source documents with its explanation.</p>	<p>The verification team was unable to verify SG&A.</p>

Table 6 Exceptions during verification of completeness and relevance of CTMS data

5.2 Completeness and relevance finding of CTMS data

The verification team is not satisfied that the CTMS data provided in the exporter questionnaire response by Daehan is complete and relevant.

6 VERIFICATION OF COST TO MAKE AND SELL (CTMS) ACCURACY

6.1 Cost allocation method

The verification team verified the reasonableness of the method used to allocate the cost information provided in the REQ to the relevant MCCs, in accordance with ADN No. 2016/30.

The verification team identified the issues outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

Table 7 below outlines the allocation method applied to each cost item.

Cost item	Method applied
Raw Materials	Daehan did not provide information on how raw materials were allocated by its accounting system.
Scrap Allocation	Daehan did not provide information on how scrap was allocated by its accounting system.
Manufacturing Overheads	Daehan allocated manufacturing overheads based on production quantity.
Labour	Daehan allocated labour based on production time.
Depreciation	Daehan allocated depreciation based on production time.

Table 7 Cost allocation method

6.2 Exceptions during verification of CTMS allocation method

No.	Exception	Resolution
13	Daehan did not provide information on how raw materials were allocated by its accounting system.	The verification team was unable to verify the allocation of raw materials.
14	Daehan did not provide information on how scrap was allocated by its accounting system.	The verification team was unable to verify the allocation of scrap.
15	Daehan did not provide production ledgers requested by the verification team.	The verification team was unable to verify the allocation of manufacturing overheads.

Table 8 Exceptions during verification of CTMS allocation method

6.3 Verification of Accuracy of CTMS data

The accuracy of data is verified by reconciling selected data submitted "downwards" to source documents. This part of verification involves the process of agreeing the volume, value and other key information fields within the cost data down to source documents. This verifies the accuracy of the data.

The verification team verified the accuracy of the CTMS information provided in the REQ by reconciling it to source documents in accordance with ADN No. 2016/30.

The verification team identified the issues outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

6.4 Exceptions during verification of accuracy of CTMS data

No.	Exception	Resolution
16	Daehan's compilation of CTM data by MCC was based on its internal pricing structure. As previously discussed in respect of sales data, Daehan's suggested amendments were not accepted by the verification team. Daehan was requested to provide revised CTM data in accordance with the Commission's MCC structure.	Daehan prepared revised Australian and domestic CTM data consistent with the Commission's MCC structure.
17	Daehan did not provide the production report for October 2019 as requested by the verification team.	The verification team was unable to verify Daehan's production quantity in its CTM listing.
18	Daehan did not provide any information relating to the downwards verification of raw material costs (e.g. source documents, raw material ledgers etc.).	The verification team was unable to verify Daehan's raw materials.
19	For direct labour, Daehan provided ledgers for a production order. Daehan did not demonstrate how the production order related to the MCC selected by the verification team for downwards costs validation (and ultimately, the CTM listing). Daehan was also unable to provide an explanation on the different categories of labour.	The verification team was unable to verify Daehan's direct labour costs.
20	For manufacturing overheads, Daehan provided ledgers for a production order. Daehan did not demonstrate how the production order related to the MCC selected by the verification team for downwards costs validation (and ultimately, the CTM listing). Daehan did not provide source documents as requested by the verification team.	The verification team was unable to verify Daehan's manufacturing overheads costs.

Table 9 Exceptions during verification of accuracy of CTMS data

6.5 Related party suppliers

As outlined at section 1.2.1 of this report, Daehan purchased scrap, the primary raw material input in the manufacture of the goods, from a related party supplier during the inquiry period. The verification team notes that purchases of this kind represented a small proportion of Daehan's total scrap purchases, as it predominantly acquired raw materials from independent, unrelated suppliers.

The verification performed a preliminary comparison of raw material purchase prices between related and unrelated parties and did not find evidence to indicate purchase price differences between the two supplier types.

The verification team sought source documentation to validate Daehan's raw material purchases from related and unrelated parties as well as clarification as to the pricing mechanism in operation for related party scrap purchases. Daehan did not provide this information during the conduct of the desktop verification. Consequently, the verification

team is unable make a complete assessment of the arms-length nature of Daehan's related party purchases.

6.6 Accuracy finding

The verification team is not satisfied that the CTMS data provided in the exporter questionnaire response by Daehan is accurate and reasonably reflect the costs associated with the production and sale of the goods under consideration.

7 EXPORT PRICE

7.1 The importers

In relation to the goods exported by Daehan to Australia during the inquiry period, all of which were through an intermediary, the verification team considers the ultimate Australian customer to be the beneficial owners of the goods at the time of importation and therefore the importer as they:

- are named as the notify party on the bill of lading and other shipping documents;
- declared as the importer in ABF records;
- arrange for customs clearance, duty payment and import charges; and
- arrange for delivery within Australia.

7.2 The exporter

The verification team considers Daehan to be the exporter of the goods², as Daehan is:

- the manufacturer of the goods;
- named on the commercial invoice as the supplier;
- named as consignor on the bill of lading;
- arranges and pays for the inland transport to the port of export; and
- arranges and pays for the port handling charges at the port of export.

For all Australian export sales during the period, the verification team considers Daehan to be the exporter of the goods.

7.3 Arms length

In respect of Daehan's Australian sales of the goods, all of which were to unrelated customers during the period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price; or
- the price was influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, was directly or indirectly reimbursed, compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.³

The verification team therefore considers that all export sales made by Daehan during the period were arms length transactions.

² The Commission generally identifies the exporter as a principal in the transaction, located in the country of export from where the goods were shipped, that gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or its own vehicle for delivery to Australia; or a principal in the transaction, located in the country of export, that owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.

³ Section 269TAA of the Act refers.

7.4 Export Price – assessment

As an intermediary trader was involved between the exporter and importer for Daehan's export sales during the inquiry period, the export price cannot be ascertained under subsections 269TAB(1)(a) or (b). The export price has been determined under subsection 269TAB(1)(c) based on all the circumstances of exportation. Specifically, the export price has been determined as the price between Daehan and the intermediary trader involved in the sale of the goods to Australia.

The verification team's preliminary export price calculations are at **Confidential Appendix 1**.

8 DOMESTIC SALES

Section 269TAC(1) provides the general rule for calculating normal value. For sales to be relevant for the purpose of section 269TAC(1), they must be sales of like goods sold in the exporter's domestic market for home consumption that are at arms length and in the ordinary course of trade (OCOT).

8.1 Arms length

In respect of Daehan's commercial sales of DBIC on the domestic market to related and unrelated customers during the inquiry period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than their price; or
- the price was influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, was directly or indirectly reimbursed, compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.⁴

The verification team therefore considers commercial sales of DBIC during the period were arms length transactions.

As discussed at section 3.3, the verification team does not consider Daehan's domestic barter trades of the goods to be arms length transactions.

An arms length assessment of Daehan's domestic DBIL sales was not made as the verification team did not receive relevant documents to verify the completeness, relevance and accuracy of these sales.

8.2 Ordinary course of trade

Section 269TAAD states that domestic transactions are not in the OCOT if arms length transactions are:

- unprofitable in substantial quantities over the investigation period; and
- unlikely to be recoverable within the period.

As the verification team were not satisfied of:

- the completeness and relevance of Daehan's domestic sales listing as it related to DBIL transactions;
- the accuracy of portions of Daehan's domestic sales listing; and
- domestic CTMS data prepared by Daehan,

it did not make an assessment as to whether Daehan's domestic sales were in the OCOT under 269TAAD.

⁴ See section 269TAA(1)(c).

8.3 Volume of relevant sales

Section 269TAC(2) provides alternative methods for calculating the normal value of goods exported to Australia where there is an absence, or low volume, of relevant sales of like goods in the market of the country of export. An exporter's domestic sales of like goods are taken to be in a low volume where the total volume of sales of like goods for home consumption in the country of export by the exporter is less than five per cent of the total volume of the goods under consideration that are exported to Australia by the exporter (unless the Minister is satisfied that the volume is still large enough to permit a proper comparison for the purposes of assessing a dumping margin).

For the reasons described at section 8.2 of this report, the verification team did not assess Daehan's volume of relevant sales or the suitability of its domestic sales in the determination of the normal values of the goods exported to Australia under 269TAC(1).

9 NORMAL VALUE

As discussed at Section 8 of this report, the verification team was unable to assess the suitability of Daehan's domestic sales for the purposes of establishing the normal values of the goods exported to Australia under 269TAC(1).

Consequently, normal values for the models exported to Australia were not calculated at the time of verification and will be referred to the case team for further consideration.

10 DUMPING MARGIN

As set out in Section 9 of this report, normal values were not determined as part of the verification process such that the verification team was not able to calculate a dumping margin for the goods exported to Australia by Daehan for the period. The calculation of the dumping margin was referred to the case team and will be detailed in the Statement of Essential Facts.

11 APPENDICES AND ATTACHMENTS

Confidential Appendix 1	Export price
Confidential Attachment 1	Verification work program